

IN THE SENATE OF THE UNITED STATES,

15th DECEMBER, 1830.

Read, and ordered to be printed, and that 1,000 additional copies be furnished for the use of the Senate.

Mr. Sanford, from the Select Committee appointed to consider the state of the current coins, and to report such amendments of the existing laws concerning coins, as may be deemed expedient, made the following

REPORT :

The coins now in the United States, and the bank notes now circulating as money, are estimated to amount to about one hundred millions of dollars. The coins are estimated to amount to about twenty three millions of dollars; of which sum, it is estimated that about fifteen millions of dollars are held by the banks, and about eight millions of dollars are in circulation among the people. The bank notes in circulation are estimated to amount to about seventy seven millions of dollars. The amount of money in circulation among the people, is accordingly, about eighty five millions of dollars, consisting of about seventy seven millions of bank notes and about eight millions of coins.

The sum of fifteen millions of dollars of coins, is the estimated average of the coins held by the banks, for several years preceding this time. The banks in the principal sea ports, have at this time, an unusual quantity of coins; and the amount of coins now held by those banks, is much greater than the sum which they have generally held.

Of the sum of seventy seven millions of dollars of bank notes in circulation, it is estimated that about one half consists of notes for sums exceeding five dollars, about one fourth of notes for five dollars, and about one fourth of notes for sums less than five dollars. The notes for sums less than five dollars, are chiefly, for one dollar, two dollars and three dollars; and a great portion of them consists of notes for one dollar.

The power to establish banks is claimed and exercised by the government of the United States, and also by each of the States. There are now in the United States, about five hundred incorporated banks; and the number is annually increased.

The public revenue of the United States and of every one of the States, is collected and disbursed almost wholly, in bank notes.

The coins held by the banks and in circulation among the people, are silver. All the coins in common circulation, and most of those held by the banks, are half dollars and the minor silver pieces.

We have no gold coins in circulation.

This country has never determined that either gold or silver should be used as money, in exclusion of the other metal. The constitution of the United States evidently contemplates, in the power conferred upon this government, to coin money, regulate the value thereof and of foreign coins, and the restriction imposed on the States, to make nothing but gold and silver coins a tender in payment of debts, that the money of this country shall be gold and silver. Our system of money established in the year 1792, fully adopts the principle that it is expedient to coin and use both metals as money; and such has always been the opinion of the people of the United States.

The fact that we have no gold coins in use, is not the intended effect of our institutions. It has resulted from too low a valuation of gold in respect to silver, when our system was established, and a progressive rise in the relative value of gold, since that time. By our system, the two metals are coined upon the basis that one pound of gold is equal in value, to fifteen pounds of silver; and all our coinage of the two metals has been executed in conformity to this relative valuation. This proportion was too low a valuation of gold in the year 1792; and it is certainly, much too low a valuation of gold in relation to silver, at this time. Our gold coins being much underrated in respect to silver, have never had any general circulation in the country; they have ceased to be used as money; they are merely merchandize, purchased by a considerable premium over silver; and they are used in manufactures or exported to Europe.

Our public coinage of gold is now, wholly without any public benefit. We prohibit and punish all private coinage of gold; we coin this metal at the mint, upon a principle which does not permit it to circulate, as money; and we pay the expense of this useless coinage. In practice, this coinage affords a facility to the possessor of gold bullion; since it enables him to employ the mint to weigh and assay his bullion, and to divide it into very convenient portions, without expense to himself. When the coins are received from the mint, they are sold for their value as bullion; some of them are used in manufactures, and the greater part are exported. If we will not rectify the legal proportion between the coins of the two metals, we ought to abolish the coinage of gold, save a useless expense, and leave gold to be treated like other metals not coined as money.

Each of the two metals is peculiarly convenient for purposes, to which the other is not well adapted. Silver is divisible into pieces of small weight and small value; and is convenient for payments of moderate amount; but is very inconvenient, when large sums are paid or transported. Gold containing the greatest value in the smallest compass and weight, can not be well used in pieces sufficiently small for very small payments; but is eminently convenient for large payments and long transportation. These different advantages can not be enjoyed, without the use of both metals: neither metal can be conveniently used as a measure of value, in the form of bullion: and when only one of the metals is coined, the great convenience of using the other in the form of coins, is denied.

If both metals are coined, they must, to render them entirely convenient, be arranged into one system of money; and the value which each metal bears

in relation to the other, is the basis upon which the connexion of the two species of coins must rest. But these metals though far less variable in value, than other things, are still subject to variations; and the two species of coins will not circulate together, unless their relative value is very nearly adjusted to the relative market value of the two metals. To secure the use of the two species of coins, the relative value of the two metals must be adopted as the relative value of the two species of coins; and for the same purpose, the relative value of the two species of coins must be changed, when any considerable change in the relative value of the two metals takes place. The relative value of gold and silver at any time, may be sufficiently ascertained; the two species of coins may be adjusted to that relative value; and such an adjustment will secure the use of the coins of both metals, so long as the relative market value of the two metals shall continue nearly the same with the legal proportion of the coins. When a legal proportion is established, it is impossible to foresee how long the relative market value of the two metals will continue, without material variation; but experience has shown that a suitable adjustment will in general, secure adequate portions of the two species of coins, during a long period.

Minute variations in the relative value of gold and silver, occur without end; they result from fluctuations in the demand or the supply of the respective metals; they are generally, of short duration; and they are in general, vibrations which compensate each other, and leave the average of relative value, unvaried. Such fluctuations very little disturb the concurrent circulation of the two species of coins; and even greater fluctuations may occur, and still leave a sufficient supply of the coins of each metal in circulation. When a disparity in relative value between the two species of coins and the two metals in bullion, occurs, a premium on the underrated coins follows; and this premium is an inconvenience; but while the premium is small, it may leave an adequate supply of that species of coins. While the coins of either metal may be easily obtained by coins of the other metal, the general utility of the two species of coins is attained; and variations which do not defeat that object, are of little moment. This degree of harmony between the coins of the two metals, is entirely attainable, and is sufficient for practical convenience. Those considerable and durable variations which after a due adjustment of the coins, are sufficient to expel either species of coins from currency, are of slow progress. When they take place, the remedy is, to act again upon the principle which led to preceding adjustments, and to conform the coins to the actual relative value of the two metals.

The necessity of occasional adjustments is a small inconvenience when compared with the great inconvenience of using only one of the metals; and such has been the experience of mankind.

Our money now in use, is bank notes and silver. Bank notes are pressed into every channel of circulation; and though no man is legally bound to receive them, they are generally received. So great is the amount of bank notes in circulation, so widely are these notes diffused through our extensive country, and so much is silver banished from circulation, that the option to demand silver, is not within the reach of the great body of the people. The creditor and especially the poor man who can neither wait for payment nor go to a bank to demand silver, accepts the bank notes which are offered to him, not because he prefers them to silver, but in a multitude of cases, because he is in effect, constrained to accept them or nothing. One of many causes which swell this torrent and impose upon the people a species of necessity to use paper money, is the want of gold coins.

Gold and silver have intrinsic value in all times and all circumstances; and coins of these metals are money, in all the exigencies of men and societies. Credit is a substitute for money; but it is a substitute dependent upon local and temporary opinion and the casualties of human affairs, and is liable to great abuses. The coins should be such, that when credit is substituted for gold and silver, either of these metals may still be used by all who do not choose to give credit: and still more is it necessary when credit is impaired or destroyed, that gold and silver should readily take its place. Whether a country has paper money or not, the system of coins should be the same. All paper money consists in promises to pay coins; and the coins for which promises are issued, should be such as sound principles require, where no paper money exists.

Bank notes are frequently received in preference to silver, when gold coins would be more convenient or desirable than bank notes. In such cases, gold would be used if it could be procured; and it should be attainable. To refuse to coin gold for the sake of paper money, or because paper money occupies a place which gold would fill, would be a mischievous error. A bad state of the coins is a great evil; but when such a state of the coins is continued, for the purpose of promoting the use of paper money, the end is pernicious, and the means are an abuse of power. Our banks have the right to pay their notes in silver; and they ought not also to enjoy the advantage of an entire banishment of gold coins from the United States. There will surely, be sufficient scope for the circulation of bank notes, when the coins which they do not expel from use, shall consist partly of both metals: and if it is the interest of the banks that we should have no gold coins, the public interest of the country is, that we should have coins of gold as well as coins of silver.

If the slow and gradual variations which take place in the values of gold and silver, are an objection to the use of both these metals as money, far greater is the objection to paper money issued in such quantities as must necessarily produce great fluctuations. Strange indeed, must be that policy which can tolerate five hundred different kinds of paper money, and can not tolerate both gold and silver; which can not endure the instability of the precious metals, and can submit to the great derangement of values produced by excessive and fluctuating issues of bank notes.

The power to coin money and regulate its value, resides exclusively, in the government of the United States. Our paper money is issued by a multitude of banks established by different authorities, and under no common control; and when we do not suffer the evil, we are constantly exposed to the danger of excessive issues of bank notes. Where the circulating coins are both gold and silver, paper money is less used, than it is where all the coins are of silver; and the currency of gold coins in our country, will tend to repress this constant tendency to excess of paper money. So far as the use of gold coins in addition to silver, may counteract this excess, the effect will be beneficial. If all our banks were under the control of one government, the use of gold as well as silver in coins, would be a most salutary check upon excessive issues. In the actual state of our paper money, it is much more necessary that this check should exist and operate; and the first step to this object, is the due exercise of the power to coin gold and silver. The coinage of both these metals is not only dictated by the sense of the constitution and the soundest principles of public economy, but is also required by the condition of our paper money; and this measure entrusted solely to this government, is one of its high duties to the country.

Whether therefore, we consider this question upon principles which should prevail in all times and all countries, or in reference to the peculiarities of our own condition, it is expedient that we should coin and use gold as well as silver.

While we have so much paper money, we can not have any great quantity of the precious metals in use, as money; and while this extensive use of paper money shall continue, an adjustment of the relative value of gold and silver, will not bring much gold into circulation. Still, the necessary adjustment should be made. No man can foresee, how far the present course of issuing paper money will proceed, or how long paper money in its present forms and abundance, will be tolerated. Whatever may happen in respect to paper money, the precious metals should always be coined, and a sound system of coins should be in constant operation, to the end that whether paper money shall be used or not, and whether the amount of our coins shall be great or small, a portion of them may consist of gold and another portion of silver.

By a resolution of the Senate, of the twenty ninth day of December 1828, the Secretary of the Treasury was directed to ascertain with as much accuracy as possible, the proportional value of gold and silver in relation to each other; and to state such alterations in the gold coins of the United States, as may be necessary to conform those coins to the silver coins, in true relative value. On the fourth day of May last the Secretary made a report to the Senate. This very able report presents a mass of facts and statements which are highly important; and among the papers annexed to it, is a letter from Mr. Gallatin, which is inestimable, for sound and just views of the use of gold and silver as money.

By our system, the expense of coining both gold and silver, is defrayed by the government; and the coins themselves, are not subjected to any charge. He who brings gold or silver to the mint to be coined, receives in return, the same quantity of pure metal in coins, which he delivers to the mint, in bullion. The proportional value of the two metals in our coins, should therefore, be the relative intrinsic value of pure gold and pure silver.

It has been suggested that it may be expedient to coin our gold in a ratio to silver, of one or two per centum less than the relative market value of gold to silver; but this idea is inadmissible. The end of coining the two metals is, that they may circulate together; that every person who has coins of either silver or gold, may easily exchange them for coins of the other metal; and that the people may enjoy the advantage of using either species of coins, according to convenience or pleasure. To attain this end, the two metals must bear the same relative value in coins, which they bear as bullion. Where gold bullion and silver bullion are wanted, they are supplied in suitable proportions, according to the demand for each metal; and where gold coins and silver coins are adjusted in value, to the relative market value of the two metals, the due portions of the two species of coins, are determined by convenience and utility. A legal proportion different from the relative market value of the two metals, banishes the coins of the underrated metal from circulation, or confines them to partial use, with a premium over the coins of the other metal; and therefore, either defeats the object of a legal proportion, or abridges its benefits. If it is expedient that both metals should be used in coins, both species of coins should circulate freely, and without the embarrassment of purchasing one by a premium upon the other; and neither of them should be more than the other, a subject of traffic. No legal advan-

tage should be given to either metal, in the relative valuation of the two metals in the coins; and our legal proportion should be the true relative value of gold and silver, in the United States.

The relative value of gold and silver is found in the prices which these metals bear, when they purchase each other; and an average of a great number of prices, during a considerable period, is regarded as the relative value of the two metals, for the purpose of adjusting the proportional value of the two species of coins.

Statements of the prices of gold in this country, are annexed to Mr. Ing-ham's report; and many others have been obtained. A mere average of all the prices which appear in the statements, would not deserve reliance as a true expression of the relative value of the two metals, for the purpose of an adjustment: and all such statements must be examined with great circumspection and attention to many circumstances, in order to deduce from them satisfactory evidence of the relative value of the two metals in the United States.

Our gold coins, the gold coins of other countries, and gold in bullion, are all sold and bought, as bullion. The prices paid for our gold coins, are expressed very simply, by the premiums on the nominal value of those coins. Gold bullion and foreign gold coins fluctuate somewhat more than our own gold coins; but the prices of all them, are in general, nearly the same: and the prices of gold in all its forms, may be considered as expressed by the rates of premium on our gold coins. An examination of these premiums will therefore, sufficiently comprehend the prices of all gold, in this country.

The premiums paid for our gold coins have varied much, at different times: the lowest premium having been one per centum, and the highest, six and three fourths per centum. These are the limits of fluctuation, according to the statements; but it is ascertained that in some few instances, the premium paid has been seven per centum.

Our gold coins are considered to be one half of one per centum defective in weight and standard; and this allowance is made in connexion with the premiums, in the calculations which follow.

Our supply of gold from foreign countries, is constant; and the domestic supply from the Southern States, is now considerable. The demand for gold in this country, is for manufactures and for exportation. A very considerable quantity is used in manufactures; and the demand for gold for this purpose, is very steady; but the quantity used in manufactures is far less than the quantity exported. The chief demand for gold is for exportation; and this demand is sometimes great; and at other times, it entirely ceases. Hence, result great fluctuations in the prices of gold, in this country.

One principal reason of these great fluctuations in the prices of gold, is, that we do not use gold as money. Bullion fluctuates more than coins; but where either of the precious metals is used as money, the demand for coins tends strongly, to give stability to the value of that metal, both in coins and in bullion. If there were a steady internal demand for gold coins as money; in addition to the demands for manufactures and for exportation, there would be far more stability in the prices of gold, in this country.

Another cause of these fluctuations, exists in fluctuations of the medium by which gold is purchased. Our money in use is silver and bank notes; far the greater part is bank notes; and the amount of bank notes in circulation is sometimes greatly increased, and at other times, greatly reduced.

These fluctuations of the amount of circulating money, raise or reduce the prices of gold as they affect all other prices.

The great demand for gold, is for exportation to Europe, and especially, to England; and this demand much more than any other, governs the prices of gold in the United States. When gold is not wanted for exportation to England, all other demand for it is so small, that it falls in price, considerably below the general average of its value; and excepting the ordinary demand for manufactures, little is bought or sold, until the course of commerce again produces a demand for gold, for exportation. The prices of gold are therefore, governed to a great extent, by the current rates of exchange on England; gold rising in price as these rates of exchange rise, and falling as they fall. When exchange on England is low, gold is so little in demand, that it evidently falls much below the general relative value which gold bears to silver, either in this country or in Europe. When the rates of exchange on England are low, the prices of gold follow the prices of bills and not the price of silver: and when the remittances are made partly in bills and partly in gold, the price of gold is still determined by the rates of exchange. When exchange and gold both rise to such rates, that silver is exported to England, the two metals are placed against each other in active use, and gold receives its valuation in respect to silver, from the two demands for manufactures and exportation.

We have thus, different states of prices of gold: one when neither of the precious metals is exported; another when gold is exported and silver is not exported; and another when both the metals are exported.

The relative valuation of the two metals in the coins, should be such that neither species of coins will be exported, in preference to the other. If the two metals are valued in the coins, at such a rate in comparison with each other, that one species of coins is exported while the other remains, the object of an adjustment is not attained. The existing evil for which we seek a remedy, is, that our gold coins being underrated in respect to our silver coins, do not circulate and are exported. The lower prices of our gold when it is used only in manufactures, do not express the relative value of gold and silver, which will render the coins of both metals equally subject to exportation. An average of all the premiums on our gold taken without discrimination, is three and seven eighths per centum: and we know with certainty, that gold is exported to England, in preference to silver and with more profit, until the prices of gold rise to a much higher premium.

We can not have the use of gold coins while it is more profitable to export them than to export silver: and it is impossible to retain gold coins in the country, unless their legal value in relation to silver, is such that when one metal or the other or both must be exported, there shall be no profit in exporting gold rather than silver.

Our coins of both metals are intended for domestic circulation; and the relative valuation of gold and silver which will insure this object, can not be found either in the prices of gold, which occur when neither of the two metals is exported, or in the prices which prevail when gold is exported and silver is not exported. The relative valuation which will insure the concurrent circulation of the two species of coins, must be found in the prices which the two metals bear, when both are exported: and our average for the purpose of an adjustment, must be drawn from the prices which prevail when both metals are exported, or are in demand for exportation.

The prices of gold exhibited in the statements of current prices, are prices actually paid when there are sales, and estimated rates when there is no sale. These statements do not show the number of sales, or the quantity sold at any time; nor do they discriminate between actual prices and estimated values. If the different sales of gold and the quantities sold at different times, were stated, and if actual prices were distinguished from estimated values, it would appear that when the premium on our gold is high, large quantities of this metal are sold and purchased; that when the premium is low, the quantity bought and sold is small; and that when there is no sale, the prices stated are estimates founded in most cases, upon the lower prices of gold. When these facts are disregarded, and an equation is drawn from all the rates of premium stated for a long period, it produces too low a valuation of gold: and reliance for a just average, must be placed upon those prices for which the greater part of this merchandize is bought and sold, rather than upon those lower prices which are either nominal, or real only when gold is not exported from the United States.

At this time, the premium on our gold coins does not exceed two per centum; and according to this premium, the value of gold in respect to silver, would be 15.375 to 1. Yet the relative value of gold is now unquestionably, much higher than this ratio, both in America and Europe. Exchange on England is now low; the only demand for gold is for manufactures; and the supply much exceeds the demand for this object. This very low premium, resulting from low rates of exchange on England, is for the time, a real price of gold; but it is certainly, not that price which will place the two metals in such relative valuation, that when a demand for exportation shall arrive, either gold or silver may be exported, with equal profit.

Silver is not exported to Europe, until exchange on England rises to about nine and a half per centum of nominal premium: and when exchange on England is at this rate, the premiums on our gold appear to be very seldom less than five per centum, and generally, at higher rates. Though when bills on England are at nine and a half per centum of nominal premium, silver begins to be exported, yet little is then exported; and it appears certain, that silver is not exported equally with gold, until bills on England rise to ten and a half or eleven per centum of nominal premium. When exchange on England is at ten and a half per centum of nominal premium, the premiums on our gold appear to be very seldom less than five and a half per centum, and generally, at higher rates.

An average of the premiums on our gold, of five per centum, and higher rates, not exceeding six and three fourths per centum, is five and seven eighths per centum. But as the premium has seldom risen to six and three fourths per centum, and most of the sales of gold for exportation, have been made for premiums between four and a half and six and a half per centum, the average of the higher premiums may rather be estimated at five and a half per centum.

The table E. subjoined to Mr. Gallatin's letter, is a statement of the rates of exchange on England, and the premiums on our gold coins, for each month of a period of four years and a half, commencing with January 1825, and ending with June 1829. Mr. Gallatin states that the average premium on our gold coins for the whole of that period, has been about five and one sixth per centum on their nominal value; and he estimates the ratio of gold to silver, deduced from this rate of premium, to be 15.82 to 1.

If we select any particular period for an average of premiums, the period stated in the table E. being recent and of considerable length, is very proper for that purpose; but during other considerable periods, the premiums on our gold and the rates of exchange on England, have been much lower than they were from January 1825, to June 1829. Whether we take the premiums of one period or those of another, the relative value of gold and silver which will secure the circulation of both metals in coins, must be found in the premiums which prevail when both silver and gold are exported.

To avoid the inaccuracy which may exist in compiled statements and estimated rates, a great number of prices on actual sales of gold in the city of New York, have been obtained; and many of these sales took place during the period from the first day of January 1825, to the last day of June 1829. An average of all the premiums on our gold paid on these actual sales during that period, is 5.58 per centum. The relative value of gold and silver resulting from this rate of premium, is 15.912 to 1.

When all these facts and circumstances are duly estimated, the conclusion is, that for the purpose of an adjustment which shall place the coins of the two metals in such relation to each other, that both may circulate in the United States, our average must be drawn from the premiums on our gold, higher than about four and a half or four and three fourths per centum; and that the average of this higher class of premiums, is about five and a half per centum. This is the lowest average, which can be deduced from those prices of gold which prevail in this country, when both gold and silver receive their valuations from demand for internal use and demand for exportation to Europe. According to this average price of gold, the relative value of gold and silver in our coins, should be 15.9 to 1.

In France, the relative value of gold to silver, is about 15.82 to 1.

In Great Britain, gold is in value, to silver, about as 15.86 to 1.

The relative value of gold and silver in Spain, has been 16 to 1, during the last fifty or sixty years; and according to recent information, the value of gold in Spain, is now a little higher than this proportion.

In Portugal, the rise of gold and the decline of silver in relative value, were slower and later than in Spain; but the relative value of the two metals in Portugal, is now about 16 to 1; and this proportion appears to have prevailed there, for many years.

The relative value of gold and silver in the American countries south of the United States, is a fact of great importance in this inquiry. In countries which produce one or both of the precious metals in considerable quantities, the supply from the mines fluctuates; these fluctuations are sometimes great; and an extraordinary supply or an unusual failure of either metal, affects the relative value of the two metals. In most of the American countries which contain rich mines of these metals, the values of gold and silver have been during many years, disturbed by war, civil commotions and arbitrary regulations concerning the mines and commerce in these metals. These circumstances render it difficult to obtain exact information concerning the relative value of the two metals in those countries; but though this relative value can not be ascertained with accuracy, it may still be discovered, so far as to leave little uncertainty.

From all the information which can be obtained, it appears that the value of gold in relation to silver, is about 16 to 1, in all the American countries south of the United States. This relative value seems to have prevailed in

those parts of America which were formerly Spanish, and especially, in Mexico and Peru, during the last forty or fifty years. In Brazil, gold was for a long time, somewhat less valuable; but during the last ten years, the relative value of the two metals in Brazil, has also been about 16 to 1. In the West Indies, the two metals fluctuate much, in respect to each other; but the ratio of 16 to 1, seems to be the average of relative value.

The relative value of gold and silver in this country, must depend principally, upon their relative value in the countries from which we receive these metals, and their relative value in the countries to which we send them: and their relative value here, must be determined, as much by the prices for which we buy gold and silver, as by the prices for which we sell these metals. When we deduce the relative value of gold and silver in this country, from relative values existing in other countries, we must resort as well to the countries from which these metals are imported, as to the countries to which they are exported; and our conclusion must be drawn from both sources.

In the ordinary course of our foreign commerce, our supply of gold and silver, is received chiefly, from the American countries south of the United States. More than one third of the whole, is now received from Mexico. We export gold and silver to Great Britain, silver to France, some silver to China and the south of Asia, and some gold and silver to other countries. Our exports of silver to China, were formerly great and are now small. During the year ending on the thirtieth day of September 1828, the amount of our exports of silver to India and China, was less than one million seven hundred thousand dollars; and for the year ending on the thirtieth day of September 1829, our exports of silver to the same countries, did not amount to one million three hundred and fifty thousand dollars. Far the greater part of all the gold and silver exported from this country is sent to Europe.

If we take the relative value of gold and silver in the American countries from which we receive these metals, to be 16 to 1, and the average of the relative value of the two metals in all Europe, to be 15.85 to 1, the medium between these valuations is 15.925 to 1: and this ratio coincides very nearly, with the proportion deduced from those actual prices which prevail in this country, when both silver and gold are exported to Europe.

The government of the Netherlands has recently adjusted the relative value of the two metals, in the coins of that country, and has established the proportion between gold and silver, at 15.875 to 1; but the details which may attend this regulation, in respect to charges for coinage or other particulars, are not known.

By the regulations of Spain, the proportional value of gold and silver at the mint, is 16 to 1; and it has been so, since the year 1779. There is, probably, a seignorage on the coinage of these metals at the mint; but the Spanish regulations in this respect, are not accurately known. It is certain that in Spain, the coins of the two metals circulate together; that silver is much more abundant than gold; and that the gold coins usually bear a small premium over the coins of silver.

The regulation concerning the relative value of the two metals in the coins, established by Spain in 1779, was at the same time, extended to all the mints in Spanish America: and since that time, gold and silver have been coined by all the mints under the power of Spain, in conformity to that regulation.

Since the American countries formerly Spanish and now independent,

have established their own mints, they have observed the same regulation; and their coinage of the two metals is according to the relative value of 16 to 1.

The proportion between gold and silver in the Portuguese coins of the two metals, is 16 to 1; and has been so, since the year 1820. In Portugal, the coins of both metals circulate together; but much the greater part of the circulating coins, is silver.

In Brazil, the proportional value of gold and silver at the mint, is 16 to 1.

Thus, according to all the information which can be obtained, a pound of gold is now worth sixteen pounds of silver, in all America south of the United States, and in Spain and Portugal: and in all these countries, this relative value has been adopted, as the proportional value of the two metals in the coins. Though in some of these countries, this proportion may be varied in effect, by charges on coinage; and in some of them, the coins deviate from this proportion, in the weight or fineness of the coins of one or the other metal; yet the governments of all these countries have, evidently, considered the relative value of gold and silver to be 16 to 1: and the concurrent circulation of the coins of the two metals in these countries, has well justified that opinion.

So far as the relative value of gold and silver in this country, is uncertain, there are reasons of great weight, which should induce us to assign a high valuation to gold in relation to silver.

The labor of counting or weighing the coins which may be necessary for a remittance to a foreign country, is less in the case of gold than in the case of silver; and where all other circumstances are equal, this reason alone produces the exportation of gold rather than silver.

When the relative value of the two species of coins accords exactly, with the relative market value of the two metals, gold coins are exported in preference to silver coins; the risk and expense of exportation being greater in the case of silver, than in the case of gold.

When gold and silver sent to Europe and especially to England, have arrived, gold is in general, converted into the money of the country or available funds, somewhat sooner than silver; and gold is for this reason, a better remittance.

Gold is rising in value, in relation to silver. During the last three hundred years, gold has with some temporary exceptions, been gradually advancing in value: during the last twenty years, the enhancement of gold in respect to silver, has been quite as great as it had ever before been, during any equal period: and gold still continues to rise. The immense power of machinery which has been brought into use in our own time, is fully applicable and is now applied to mines of silver; and the quantity of silver extracted from the earth, has from this cause, been already greatly increased. The quantity of gold obtained from the earth, has not been much increased by any recent improvement of art. The present progress of change certainly is, to raise gold and depreciate silver, in respect to each other; and it is highly probable that gold will continue to rise and silver to fall, in the future course of their relative value.

If our gold coins should circulate to any considerable extent, the demand for gold for coinage, would in some degree enhance the value of that metal in relation to silver, in this country.

Gold is more than silver, banished from use by paper money: and our

gold coins in order to circulate, must be able to contend not only with the demand for gold to be sent abroad, but also with the expelling influence of paper money at home.

If we should underrate our gold coins, they will have no general circulation. They will be used in manufactures, or will flow through the established channels of commerce as they now flow, almost directly from the mint in Philadelphia, to Europe. If we should slightly overrate gold, we shall secure the use of gold coins; and we may lose some silver; but the loss of our silver coins even then, would not follow to an inconvenient extent. Almost all our silver coins are half dollars and the minor parts of the dollar. These coins are indispensable in their proper sphere of circulation: their place cannot be filled either by gold or bank notes; and these coins are not often exported. We have a steady supply of silver in bullion; and the mint is now able to coin any necessary or desirable quantity of either or both of the precious metals. An adjustment of the relative value of the two species of coins with as much accuracy as may be practicable, must bring some gold coins into circulation; and the gold brought into currency may in some degree displace the silver coins; but it will in a much greater degree, take the place of bank notes.

The general course of our exchanges with Europe, is against us; and when remittances can not be advantageously made by bills, gold is sent to Europe and especially to Great Britain, so long as gold is not evidently too dear in this country, in comparison with silver. For this purpose, gold, other circumstances being equal, is much preferred to silver; and gold rises to its highest value in relation to silver, before silver is exported. This established current of commerce in which gold is a customary and favorite remittance, tends to maintain this metal at a high value, in relation to silver. Still, this current is not constant; and when gold is not in demand for exportation, its price in silver, falls. But in order that both gold and silver should circulate as money, it is necessary that demands for exportation should fall upon both metals; that when a demand for exportation occurs, it should in general, be as profitable to export one of them as the other; and the relative valuation which will insure this object, is that which exists when both metals are or may be exported, with equal profit.

These considerations are submitted, not to recommend any deviation whatever from the true relative value of the two metals in this country, so far as that value is an ascertained fact; but to show, that so far as the relative value of gold and silver is uncertain, we may safely assign a high valuation to gold, within the limits of that uncertainty.

The ratio of 16 to 1, is recommended by some considerations which deserve attention. Though Mr. Ingham proposes a lower valuation of gold, he is of opinion that the ratio of 16 to 1 is necessary to render gold and silver equally attainable in the United States. Mr. White is also of opinion that no valuation of gold less in respect to silver, than 16 to 1, would effectually retain our gold coins in use. Spain, Portugal, and all the American countries which have mints, excepting these United States, have established the proportion of 16 to 1, as the basis of their coinage; and if we should adopt the same proportion, one uniform rule would prevail in all the independent countries of America. Much more of the two metals is now coined upon the basis that gold is in value to silver, as 16 to 1, than according to any other proportion. If it is expedient to conform our ratio to the existing proportion of any other country, it must be expedient to adopt that pro-

portion which prevails most widely; and the ratio of 16 to 1, is now far the most extensive example. A rule so extensive is entitled to respect; but the practical operation of the rule is much more instructive; since it shows that this relative valuation of the two metals secures their concurrent circulation in coins, in a very large part of the world.

But our adjustment must be founded on the relative value of gold and silver in our own country; and the ratio of 16 to 1, is a valuation of gold somewhat too high, in the United States.

Upon all the facts before us, the ratio of 15.9 to 1, appears the most eligible. This proportion assigns to gold the average of value which gold bears to silver, when both metals are in demand, for exportation: and it seems more likely than any other ratio, to attain and reconcile the objects of a proportional valuation. It is accordingly recommended, as the relative valuation most proper to be established, in our coins of the two metals.

Various other ratios have been suggested; but any proportion by which gold shall be estimated less in respect to silver, than 15.9 to 1, will it is believed, be altogether insufficient to insure the circulation of gold coins, in this country.

Still, it will be better to adopt any of the lower valuations of gold which have been proposed, than to continue our coinage of this metal, according to the existing legal proportion.

The relative value of gold and silver can never be stated, with infallible accuracy; but the entire certainty which is unattainable, is not necessary for the purpose of establishing a proportional value between the coins of the two metals. A near approach to the relative market value of the two metals is sufficient for this practical object. When the relative value of gold and silver in any country, is examined with the greatest care, different results are obtained by different persons; and no adjustment can ever be made, without encountering this apparent difficulty. In our own case, the difficulty of ascertaining the true proportion, is increased by great fluctuations in the prices of gold; and it was to be expected, that various opinions concerning the relative value of the two metals in this country, should appear. The variety of opinions and propositions respecting the ratio proper to be established in our coins, should not deter us from an amendment of the existing proportion. The difficulty of ascertaining the true relation of value between gold and silver in this country, which now exists, will continue to exist, until we shall use both gold and silver as money: and if a new adjustment should not be entirely correct, it will by its operation, at least, lay a foundation for a more accurate valuation. The opinions which have been expressed by others, the opinions now submitted, and the facts and reasons by which all the different opinions are supported, are now before the Senate; and from these materials, the proportion which shall be deemed most eligible, may be selected.

A bill is submitted, which leaving the silver coins unaltered, proposes that our gold coins shall contain the quantities of metal, which result from the relative valuation of 15.9 to 1. The weight of an eagle according to this relative valuation, will be $233\frac{2}{3}$ grains of pure gold, and $254\frac{3}{8}$ grains of standard gold: and a table is subjoined to this report, by which the weights of an eagle resulting from various other proportions, are exhibited.

A TABLE stating different relative valuations of gold and silver, and showing the quantity of pure gold, and also of standard gold, requisite in an Eagle, to conform the Eagle to each relative valuation; the silver coins of the United States remaining as they are now established by law.

Estimates of the relative value of equal quantities of gold and silver.			GRAINS OF GOLD IN AN EAGLE.	
			Pure.	Standard.
Gold to Silver.				
1	16	to 1.	232 $\frac{1}{3}$	253 $\frac{1}{3}$
2	15.95	to 1.	232 $\frac{242}{319}$	253 $\frac{293}{319}$
3	15.9	to 1.	233 $\frac{26}{53}$	254 $\frac{38}{53}$
4	15.875	to 1.	233 $\frac{109}{127}$	255 $\frac{15}{127}$
5	15.85	to 1.	234 $\frac{72}{126}$	255 $\frac{165}{126}$
6	15.825	to 1.	234 $\frac{126}{911}$	255 $\frac{317}{911}$
7	15.8	to 1.	234 $\frac{153}{158}$	256 $\frac{26}{79}$
8	15.775	to 1.	235 $\frac{215}{631}$	256 $\frac{464}{631}$
9	15.75	to 1.	235 $\frac{5}{7}$	257 $\frac{1}{7}$
10	15.725	to 1.	236 $\frac{56}{629}$	257 $\frac{347}{629}$
11	15.7	to 1.	236 $\frac{73}{157}$	257 $\frac{51}{157}$
12	15.675	to 1.	236 $\frac{176}{209}$	258 $\frac{78}{209}$
13	15.65	to 1.	237 $\frac{69}{313}$	258 $\frac{246}{313}$
14	15.625	to 1.	237 $\frac{5}{5}$	259 $\frac{1}{5}$
15	15.6069	to 1.	237 $\frac{15183}{17341}$	259 $\frac{8681}{17341}$
16	15	to 1.	247 $\frac{1}{2}$	270

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